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ETHICS IN MARKETING

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ETHICAL ISSUES INVOLVED IN MARKETING

Marketing ethics is viewed as important because of marketing's interface with many diverse stakeholders. Marketing is a key functional area in the business organization that provides a visible interface with not only customers, but other stakeholders such as the media, investors, regulatory agencies, channel members, trade associations, as well as others. It is important when addressing marketing ethics to recognize that it should be examined from an individual, organizational, and societal perspective.

An integrated marketing communication program is based on the foundation provided by the communicationsmodels. Some marketing scholars argue, that the integrated communications (IMC) approach is a recent phenomenon. Others suggest that the name might be new, but the concept has been around for a long time.

But IMC is first of all the process of developing and implementing various forms of persuasive communication programmes with customers and prospects over time. The goal of IMC is to influence or directly affect the bihaviour of the selected communication audience. IMC considers all sources of brand or company contacts which a customer has with the product or service as potentially delivery channels for future messages. IMC makes use of all forms of communication which are relevant to the customer and to which they might be receptive.

Using words and phrases that make your small business sound attractive and enticing, even when your message uses phrases that exaggerate and inflate, is common in the marketing world. But when you cross the line by misstating facts or making misleading claims, you lose the respect of the consumer and face legal problems. Understanding the basics of ethics in marketing communications will help you keep your advertising, public relations and promotional activities legal and ethical.

Telling consumers your product or service is “awesome,” “incredible,” fantastic,” or “the best,” is legal and ethical as long as you keep your claims in general terms. Telling consumers your product is better than a competitor's product for specific reasons, however, is unethical if it’s not true. For example, if you tell consumers your product will last 12 to 18 months longer than a competitor’s product with no proof, you have breached your ethical responsibilities. On the other hand, telling consumers your product has 25 percent fewer calories than your competitor’s is perfectly ethical if it’s true.

There isa need for synergy in IMC. All of the communication elements (e.g. advertising, sales, promotion, public relations, personal selling, publicity and event marketing) must speak with a single voice. There is a belief in IMC that successful communication requires building relationships between the brand and the customer. Relationship building is the key to modern marketing, and IMC is the key to relationship building. A relationship is an enduring link between a brand and comsumer.

Marketing ethics not only requires an attempt to make ethical decisions, but also to avoid the unintended consequences of marketing activities. This requires consideration of key stakeholders and their relevant interests (Fry and Polonsky, 2004). Market orientation has been found as the key variable in the successful implementation of marketing strategies (Homburg, Krohmer, and Workman, 2004). But a successful marketing strategy has not always been associated with meeting the needs and demands of all stakeholders.

High ethical standards require both organizations and individuals to conform to sound moral principles. Fair Trade has emerged to link ethically minded consumers with marketers concerned with disadvantaged producers in developing nations. However, general special factors must be considered when applying ethics to marketing. First, to survive, marketers must contribute to profits or other organizational objectives. Second, marketers must balance their desire for success against the needs and desires of society. Maintaining this balance often requires compromises or tradeoffs. To address these unique aspects, society has developed rules—both legal and implicit—to guide marketers in their efforts to reach their objectives in ways that do not harm individuals or society as a whole.

Ethical decision making in marketing parallels ethical decision making across all organizational domains. There is much overlap between marketing ethics and business ethics because the basic frameworks that describe ethical decision making in an organization include decisions that encompass marketing. In other words, within the context of an organization, there is an ethical component to business decisions, regardless of whether it is marketing or some other functional area component. External stakeholder interests, concerns or dilemmas help trigger ethical issue intensity.

The ethical climate of an organization is a significant element of organizational culture. Whereas a firm's overall culture establishes ideals that guide a wide range of behaviors for members of the organization, its ethical climate focuses specifically on issues of right and wrong. The ethical climate is the organization's character or conscience. Codes of conduct and ethics policies, top management's actions on ethical issues, the values and moral development and philosophies of coworkers, and the opportunity for misconduct all contribute to an organization's ethical climate. In fact, the ethical climate actually determines whether or not certain dilemmas are perceived as having an ethical intensity level that requires a decision.

Opportunity usually relates to employees' immediate job context—where they work, with whom they work, and the nature of the work. The specific work situation includes the motivational "carrots and sticks" that superiors can use to influence employee behavior. Pay raises, bonuses, and public recognition are carrots, or positive reinforcement, whereas reprimands, pay penalties, demotions, and even firings act as sticks, the negative reinforcement. For example, a salesperson who is publicly recognized and given a large bonus for making a valuable sale that he or she obtained through unethical tactics will probably be motivated to use unethical sales tactics in the future, even if such behavior goes against one's personal value system. Research has shown that there is a general tendency to discipline top sales performers more leniently than poor sales performers for engaging in identical forms of unethical selling behavior. Neither a company policy stating that the behavior in question was unacceptable nor a repeated pattern of unethical behavior offsets the general tendency to favor the top sales performers. A superior sales record appears to induce more lenient forms of discipline despite managerial actions that are specifically instituted to produce more equal forms of discipline.

Much progress has been made in advancing theory and research in marketing ethics. In addition, most corporations have developed comprehensive codes of conduct that address specific ethical risk areas in marketing practice. It is clear that marketing ethics is part of organizational responsibility and individuals cannot make independent decisions about appropriate conduct. There is recognition through academic research and regulatory initiatives that corporate culture plays a key role in improving marketing ethics.